

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:764

ANSWERED ON:22.11.2007

ALLOCATION OF KEROSENE AND LPG TO STATES

Rajendran Shri P.;Thakkar Smt. Jayaben B.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the monthly requirement of Kerosene and LPG in each State;
- (b) the quantity of Kerosene and LPG supplied to each State during each of the last three years;
- (c) whether the Government is aware that there is acute shortage of Kerosene and LPG in many States;
- (d) if so, whether the Union Government has received requests from various States, particularly Kerala and Gujarat for increasing the quotas of kerosene and LPG in favour of their States; and
- (e) if so, the details thereof and the action taken by the Union Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (e): PDS kerosene is an allocated and subsidized product. Ministry of Petroleum and Natural Gas makes quarterly allocation of PDS kerosene to States/Union Territories for further distribution under the Public Distribution System (PDS) network. The quantity of PDS SKO for distribution per card holder is decided by concerned State Govt/UT and the same varies from State to State. In accordance with the policy adopted by the Government of India in 2000, Kerosene (SKO) allocation for distribution under the Public Distribution System (PDS) was reduced every year beginning 2001-02 till 2003-04, taking into account the number of LPG connections released in each State/Union Territory. While the initial allotment for 2004-05 was based on the criteria adopted hitherto, additional allocations were made during the year to meet urgent emergent demand. For the year 2005-06, allocations have been maintained at the level of 2004-05, including additional allocations made during that year.

Allocations for first three quarters for 2007-08 have been maintained at the level of 2006-07. The quantity of PDS kerosene allocated to the States/UTs during the last three years is at Annex 'A'.

There is no overall shortage of LPG in the country including, in the State of Kerala, and LPG supplies to distributors are being made by the Public Sector Oil Marketing Companies (OMCs) through indigenous production and imports in accordance with the requirement of customers registered with the LPG distributors. However, OMCs had reported occasional backlog in certain States/Union Territories due to floods, road breaches, collapse of bridge, agitational activities/strikes by the employees, strike by transporters and contract labourers, hartals etc. The Government has advised OMCs to liquidate the backlog in the States/UTs by operating the bottling plants on holidays and by extending hours of working. State-wise consumption of Domestic LPG for the last three years is at Annex 'B'.

At present, India's domestic consumption of kerosene and LPG is more than the domestic production. The shortfall in domestic production of kerosene and LPG is met through imports by Oil Marketing Companies.

There is no State-wise quota fixed by the Government for the allocation of LPG.

In view of requests received from various State Governments including State Governments of Gujarat and Kerala for increasing the SKO allocation, the Government of India commissioned a detailed study of Kerosene demand in the country, through the National Council of Applied Economic Research (NCAER) in December 2004. NCAER submitted its report in October 2005. NCAER has inter alia recommended to restrict the subsidy on kerosene to BPL families only. Also, Dr. Rangarajan Committee constituted by the Government to formulate a long-term pricing policy of petroleum products has also recommended to restrict PDS SKO subsidy to BPL families only. The Government has accepted the recommendations of Dr. Rangarajan Committee Report and has decided 'in principle' that subsidy on PDS Kerosene may be restricted to BPL families only. The proposal to work out the modalities to implement this decision and for rationalizing the allocation of PDS kerosene among States/UTs is under the consideration of the Government.

Various State Governments/Union Territories (UTs) have requested additional allocation of PDS SKO to meet urgent and emergent situations arising out of natural calamities such as flood, drought, earthquake, etc. The Government has responded to these requests promptly and made additional allocations wherever necessary, to meet the special needs.